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THE RECENT COMMERCIAL POLICY OF FRANCE.

I

France at the beginning of the year 1892 entered upon a new era of her commercial history. My purpose in this article will be to show, (1) the nature of the tariff régime she adopted, (2) the events and circumstances that led to it, and (3) its actual and conceivable effects.

In order to understand the present outlook for the commercial policy in France, we must see what it has been in the past. We shall in this way obtain a knowledge, however imperfect, of the changes this policy has undergone in a century. As the national constitutional Assembly in 1789 undertook to transform the political, civil, and economic institutions of France, and to found a new social state on the double principle of liberty and equality, it voted, among other reforms, the suppression of the corporations of arts and trades in the name of the freedom of labor. The assembly was consistent in its action, and announced also freedom in trade. But the manufacturers had been accustomed since the time of Colbert, that is to say for a century and a half (and even before the time of Colbert—for the theory of the encouragement of industry through a protective system is much older than that and is found for example to have inspired even the legislation of Henry IV), to see themselves protected against foreign competition by high duties and even invested with personal privileges through royal favor. When, after the War of Independence of the United States, peace had been signed between France and England, it was proposed to complete this peace by a commercial treaty, and such a treaty was in fact signed in 1786, authorizing for the first time the introduction of English merchandise at very moderate duties (15 to 10%, and even less). The manufacturers, principally the weavers and spinners of Normandy, uttered cries of distress pretending in fact that they were ruined, and a crisis, as often happens, was the first consequence of the change in the tariff.

This crisis was soon associated in men's minds with the much more general crisis occasioned by the revolutionary movement, and the manufacturers looked with still less favor on the idea of free trade. This was seen when the committee of commerce and agriculture, composed for the most part of merchants and manufacturers, placed before the Constituent Assembly the scheme of tariff duties it had been charged to prepare; they had placed prohibitive duties on a large number of articles. True to its principles and wiser than the private interests which had worked upon the committee, the assembly referred the matter back to them for revision. A second report, conceived in a more moderate spirit, was presented to it some time afterwards, and it voted the tariff-duties of 1791, the most liberal which France has had; it admitted all foreign merchandise with the sole exception of fish-oil, raw goods, and most food commodities free, and manufactured products under duties varying from 5 to 15%.

France did not have the time to make a trial of this régime. War broke out in 1792 and continued until 1814 without any other respite than was afforded by the Treaty of Amiens (1803) for a space somewhat less than a year. The shipping trade was almost wholly suspended, and the spectacle was afforded of merchants bringing the cotton of the Levant by land from Constantinople into France. English goods were altogether proscribed. By his "continental blockades" Napoleon put a ban on the entry of all British tonnage, not only into all the ports of his enormously increased empire, but into those of his allies, and caused all English products and fabrics which could be found on the continent to be burned in public. A similar procedure which levied an import duty of 4 francs per kilogram on sugar and of 8 francs on American cotton (cotton that was brought from the Levant by land only paid 2 francs) was not in the nature of things calculated to prepare French industry for a régime of free competition.

These continental blockades constituted a monstrous machinery of war which could never have been brought into use in a time

of peace. After the fall of Napoleon in 1814, even before the government of the Restoration was installed, sugar from English entrepôts had entered into France in the train of invading armies, and Parisians with astonishment saw sugar being sold at the Palais Royal at 38 sous the pound while it was still legally subject to an import duty of 44 sous. The Count of Artois who had made his entry into the capital as lieutenant-general of the kingdom some days before his brother, the monarch Louis XVIII, published an ordinance, April 23, 1814, substituting instead of the prohibitions very moderate duties. The merchants, however, assailed him with their objections, declaring that "prohibition is a matter of political and social right," and they got what they demanded: the duty on iron goods for example was raised to four times what it was under the Empire and was equivalent to fifty per cent. of the value of the goods. It was the turn of the foreigners to complain; the English and the Germans were indignant at the ingratitude of the Bourbons who made use at the outset of the very power they owed to the allies, to forbid them access to the French market.

The fact is that the government in the matter of the tariff followed more the will of the Chambers than its own initiative. Thus the electoral system, with the modifications it had undergone during the Restoration, concentrated the political power in the hands of the great landed proprietors and the great manufacturers. The former and the latter, without exactly coming to agreement on all questions—for the manufacturers could not see without chagrin, and did not accept without opposition, the privileges that were accorded to agriculture, raising as they did the prices of raw materials—easily persuaded themselves that their particular interest was the interest of France, and as they exploited or farmed out their lands, sold their forests and took up smelting furnaces, forges, and large spinning and weaving factories, they continued to demand almost session after session new taxes or increased duties, or prohibitions on wheat, cattle, iron, wool, etc. "The legislation you want to see instituted," said a deputy to them once, "is essentially of a privileged char-

acter, it is a premium which all France will be paying on cottons, and to the owners of forges, and to the feeders of cattle of Normandy." Not one law only was enacted, but a whole series of laws: those passed Dec. 17, 1814, Aug. 28, 1816, March 27, 1817, July 16, 1819, July 4, 1821 (acts on a sliding scale for the importation and exportation of wheat), the act of June 7, 1820, that of July 27, 1822, that of May 17, 1826, each one of them increasing the tariffs established by the Consulate and the Empire (tariff of the Year XI, law of April 30, 1806)—the whole constituting "the protective system" of the Restoration.

To the deputies who kept asking for further concessions, Baron St. Cricq, who occupied the position of director-general of the customs from the commencement of the reign of Louis XVIII, replied by an article in "*Le Moniteur*," in which he unfolded the scheme of the government by enumerating the favors it had conferred on agriculturists, on merchants and on shipowners. Nobody entertained any longer the idea that advantages had fallen¹ to the working classes: workmen were not electors. Nor was the system put into execution without giving rise to difficulties with foreign powers. The United States were the first to protest against the increased taxing of foreign vessels, and they succeeded in getting themselves placed in this regard on an equality with French vessels (Convention of June 24, 1822; and treaty of June 7, 1826).

The revolution of July, 1830, disturbed the political equilibrium by lowering the electoral tax to two hundred francs; but the *bourgeoisie* remained firmly attached to the protective system, and, in spite of several attempts of the government to enlarge somewhat the sphere of the commercial relations of France, the customs-tariff remained under Louis-Philippe just what the Restoration had made it. Troubled by the proposals of reform of a minister, the Count Duchâtel, the manufacturers made common cause with the agriculturists (with whom they had been at variance under the Restoration), and together agreed to defend the protective edifice which they felt to be in danger.

¹ "Since the Restoration," says Baron St. Cricq, "the tariff legislation has always

After the proclamation of the Republic and the establishment of universal suffrage in 1848, it looked as if the commercial policy was going to take a different direction. But this it did not do. A deputy having made a proposition—on the whole rather theoretical than practical—of a general remodelling of the tariff, M. Thiers prophesied “the immediate collapse of the prosperity of the country were any such scheme ever to succeed;” and the Assembly helped him to make good his case, by rejecting the proposition by a considerable majority.

The Second Empire was, like the first, almost an absolute government; under it the legislature meekly adopted all the schemes which the head of the state brought before it. Still, when, after the Universal Exposition of 1855, foreign products had been for the first time seen alongside of French products, the Emperor, who had at different intervals onwards from 1852 made loopholes in the protective tariff, became convinced that the industry of the nation could not sustain free competition, and presented a “scheme for raising prohibitive duties,” opposition for the first time manifested itself. So strong was this opposition in manufacturing towns, that the Emperor felt himself

sought to conciliate, with the prospect of a common protection, interests which have often been opposed and are always distinct—those of agriculture and those of industry and commerce. Let me ask of agriculture if it is not to that legislation that it owes both those import duties which protect it against an infinite number of foreign products, such as wheat, cattle, wool, madder, hemp, hops, which former tariffs invited into the country through a total immunity from taxation, and that freedom of export which offers an easy market to products which ancient laws only tended to keep in the country. Let me ask of our manufacturing industry if it is not in that same legislation that it has found both the maintenance of assurances accorded previously to the nation's labor, and those new assurances without which our factories of scythes, of files, of white-lead, of red-lead, of rolled zinc and copper, and of endless other things, would be far from that state of prosperity to which they have attained. And I appeal, too, lastly, to our maritime commerce, if it is not through that legislation that it has been enabled to infuse energy into its fleets, protected for the first time by differential duties, graded according to the national flag and the length of voyages; to undertake with a feeling of security adventures far afield which it was the object of bounties to encourage; and to enjoy, as far as markets and coasting trade were concerned, and even the regulation of the tariff itself, all the facilities and all the exceptions that were rigidly compatible with the observance of general legislation and the steadiness of the general outlook.”

obliged to withdraw his plan, and declared that he would defer raising the duties until the year 1861. He then made use of the right which the Constitution had conferred upon him, of making treaties of commerce, and opened negotiations with England. These were conducted with the utmost secrecy, on the one side by Cobden, and on the other by Michel Chevalier and M. Rouher, and resulted in the signing of a treaty of commerce January 23, 1860, which removed the prohibition of the entry of English imports into France; fixed an "*ad valorem*" duty at 30% as a maximum at the outset and at 25% after the year 1864; and conceded in return to France the free entry of its products into England (of which the greater number still paid a duty of 10%) with a low impost on wines and spirits.

The treaty of January 23 was the type on which the government proposed to remodel the whole tariff system. It opened up at once negotiations with several countries, and signed from 1861 to 1866 treaties with Belgium, Prussia and the Zollverein, Italy, Switzerland, the Low Countries, the Hanseatic towns, Mecklenburg, Sweden, Spain, Portugal, Peru and Austria. On the other hand, it brought before the Corps Legislatif a series of laws whose object was to make the tariff consistent with the treaties by suppressing the prohibitions, by making raw products free so as to enable French fabrics to withstand competition, by taking away or by lowering the duties on food-stuffs, by reducing those which affected manufactured products, by relieving the colonies from the obligation of trading exclusively with the mother country, and, lastly, by taking away the *surtaxe* on foreign shipping. This was an economical revolution. French industry was strong enough to stand it. Facts prove as much; for in 1869, and better still in 1880, twenty years after the signing of the treaty with England, in spite of the fearful catastrophe of 1870-1, not merely external commerce but the chief signs of industrial riches, production of pit-coal, iron, motor force in horse-power, consumption of raw goods, etc., showed a degree of progress, inconsiderable, it is true, in some things, but very marked in others.

		Years.		
		1860.	1869.	1880. ¹
External commerce of France (special commerce) in millions of francs....	Importations.....	1.897	3.153	5.033
	Exportations.....	2.277	3.075	3.468
Production in millions of tons	of pit coal.....	8.3	13.3	19.3
	of cast-iron.....	0.9	1.4	1.7
	of steel.....	0.03	0.11	0.38
Force in horse-power (thou- sands of horses).....	of stationary steam engines.....	177	320	544
	of constructions of all sorts, includ- ing locomotives and merchant ships.....	523	874	3341 ²
Importations in millions of kilog	of wool.....	51	108	151
	of cotton.....	81	124	131
Total importation of materials necessary to industry (in millions of francs).....		1.443	2.174	2.416

Without doubt certain establishments which had been laboring under adverse conditions, and which existed solely under the shelter of protection, had succumbed; but many others had improved their methods of manufacture; others were even established by the effort of arming themselves for the struggle, and so far was the prosperity of the country from "immediately collapsing," that industry had undergone the most ample developments, even although competition had become more active, and although the great immunities which certain boards of trade enjoyed were most difficult to cope with.

Agriculture itself, in spite of the accidents of the seasons and the visitations of nature, had its share in the general increased wealth. (See table on next page.)

But this was not merely a revolution; it was a *coup d'état*; and this is the weak side of the reform accomplished between 1860

¹ It is not to be forgotten that the figures of 1880, as they no longer comprise Alsace and the north of Lorraine, refer to more limited territory than that of 1869. This remark is especially important in the matter of horse-power and the importation of cotton.

² This figure is not comparable with that of 1869, because since 1876 the method of estimating the power of locomotives has changed, and has almost twice the number of horse-power.

and 1866, so far as commercial industry is concerned. It was a stroke of the Emperor's. The legislature, although the right of freedom of speech had been restored to its orators just at this very time (decree of November 24, 1860), had to accept the reform. The manufacturers complained against almost all of the acts of the economic policy of the Empire, and the agriculturists did not conceal their regret and their apprehensions in the great agricultural inquiry of 1866. Those most interested in the question were very discontented, and they came forward in 1868 with their complaints to the tribunal in a proclamation. The consumers were for the most part indifferent; public spirit was not sufficiently prepared to cope with a reform the import of which they hardly understood, and which did not emanate from their own wishes.

	1860.	1869.	1880.
Yield of wheat (millions of hectolitres).....	101	108	99 ¹
Yield of oats (millions of hectolitres).....	72	76	84
Production of wine (millions of hectolitres).....	39	70	29
Production of alcohol (millions of hectolitres)....	0.85	0.97	1.31
Production of sugar from raw beet-root (millions of kilograms)	108	242	334

Still, a good many important interests became from this time bound up with the new policy; the manufacturers who had gained the free entry of their raw products in return for the introduction of foreign competition, were not disposed to give up their advantage, and it became a matter of great difficulty under the democratic government of the Republic to re-establish import duties on bread and meat. When, after the war of 1870-1, M. Thiers was obliged to increase the receipts of the budget so as to pay expenses, and, above all, the interest on the

¹ This return does not give an exact idea of the progress made. The decennial averages give more exact information; that of 1852-61 was 81 millions of hectolitres; that of 1882-1891, 109 millions.

enormously increased debt, and proposed a tax of three per cent. on raw materials, the opposition to his proposal was so strong that he felt himself obliged to give in his resignation as president of the Republic (January 20, 1872). He withdrew it the next day, and even secured the passing of a law (that of July 26, 1872), which, however, could not be carried into execution, owing to the resistance made by the states, with which France had treaties of commerce, and was therefore repealed. Thiers, after really retiring from his position (May 24, 1873), to his chagrin saw himself abandoned in this matter by the very manufacturers who had made common cause with him against the treaties of commerce under the Empire, with only those for his faithful allies who championed the interests of agriculture. "No one now demands duties on wheat or on products necessary to the public consumption; my conclusion is, that we may occupy ourselves in taking off duties not only for manufactured products, but, further, for those agricultural products which are not required by the people as food." Time and reflection, however, made the manufacturers grow bolder. Did not the rural population constitute the majority of the inhabitants of France, and was not universal suffrage omnipotent? They sought to make good their claims in the preparation of a new general tariff.

At that time France had two tariffs: (1) the general tariff dating from the year XI and from 1806, reinforced by the laws of the Restoration and amended by those of the Second Empire; and (2) the conventional tariff which affected the powers with whom France had signed treaties of commerce, and which, owing to the clause about the most favored nation, was pretty much the same for the majority of countries. The difficulties which the government had encountered in the matter of renewing those treaties, the desire of some to simplify the complexity of these two tariffs, the hope of others of getting protective duties introduced therein, made every one who was at all interested in the matter deem the construction of a new tariff a matter of necessity. In April, 1875, a minister of agriculture and commerce had brought

the question before the chamber of commerce, and the consulting chambers, of which the great majority had expressed themselves for the maintenance of the commercial treaties; and his successor, M. Teissereux de Bort, presented, February 9, 1877, to the Chamber of Deputies a scheme of a general customs-tariff drawn up by the general council of commerce and agriculture, in spirit very much like the conventional tariff, with slight modifications of duties. The proposal, having passed out of notice with the dissolution of the Chamber, May 16, 1877, M. Teissereux de Bort, who had been returned to power with the triumph of the Republican party, presented a new one with even more marked reductions.

Still protective ideas gained ground; the Chamber rejected in the session of 1878 the project of a treaty with Italy. The commission charged with the duty of examining the tariff proceeded, as the Senate had just done, to an inquiry which for eighteen months excited much interested feeling and many calls for protection, and which ended by presenting a tariff different from that of the government, and uniting to a considerable extent the interests of agriculturists and those of manufacturers, through protective concessions to both; it hardly went the length, however, of proposing protection for wheat. The discussion was long and very animated; it commenced January 31, and did not terminate till sometime in May, 1879. The commission was unable to carry out its scheme. The minister of agriculture and of commerce, M. Tirard, exercised, along with several other speakers, an influence decidedly in favor of moderation. The agriculturists had hoped to introduce a tax upon wheat; "duties on wheat, no one dreams of it," said some one in reply; and they were unable even to carry the most of the duties on the secondary products that the commission had allowed to pass. The commission was abandoned by its friends, and the matter was referred to the Senate; but they obtained next to nothing, with the exception, however, of a tax of 15 fr. on the entry of cattle. The general customs tariff of May 7, 1881, was not exactly a revolution, but a marked improvement

on the ancient tariff, and, so far as the most of commodities went, an approach to the conventional tariff. The majority of manufactured products were covered by a protection varying from about 10 to 30%; agricultural products remained unprotected, and those that had obtained the privilege of a duty secured hardly 10%. The agriculturists thought they were made the martyrs of a cause, and proceeded to adopt an aggressive attitude.

On the basis of the treaty of 1881, the government was able to renew negotiations with foreign powers, and to renew the greater number of its treaties of commerce for ten years. It was mainly against these treaties of commerce that the efforts of the protectionists were directed. The Society of Agriculturists of France, which exercised a great influence through the number of its members and through the agricultural syndicates which were grouped under its *ægis*, led with energy and adroitness the attack of the landed proprietors and the farmers in the struggle; it wanted to get its revenge for 1881, "an epoch," it said, "when the feelings entertained towards agriculture were far from tender."¹

And it is certain that agriculture at the time was sorely straitened; the phylloxera had destroyed a part of the harvest, and the crop of cereals had been very bad in 1879, and hardly adequate in 1880 and 1881. There was a considerable importation of cereals in 1879 (29 millions of hectolitres) and in 1880 (26 millions); this, of course, saved the country from dearth, but it put the producers of wheat to the inconvenience of maintaining at a low price wheat of which they had only a limited quantity to offer. In the following years, although the wheat returns had increased (122 million hectolitres in 1882), the annual importation was kept until 1884 above 13 millions of hectolitres, and the average price of the period from 1881-1885 was below that of all the averages since 1831. The complaints of the rural districts were so loud and the demands of their

¹ Report made to the Society in the name of the Tariff Commissioners of January 30, 1891.

representatives so imperious, that the Parliament yielded a point which had appeared hopeless in 1881, and which the agricultural protectionists had hardly ventured to attack, and voted a protective duty of 3 francs per cwt. on imported wheat (Act of March 28, 1885). As this duty was found insufficient to prevent the fall in price, it was raised to 5 francs (Act of March 29, 1887).

This first victory was the prelude to a serious attack on the whole of the tariff-system. The Society of Agriculturists of France had succeeded in uniting the manufacturing party to the agricultural party, the former accepting the duties on raw breadstuffs and on other raw materials, the latter being ready to vote increased duties on manufactured products. In the sitting of January 30, of the general session of 1891, where M. René Lavollée read his report in the name of the tariff commission, the president of the Association of French Industry, M. Aclocque, on being interrogated by the reader of the report, spoke as follows: "I have said, gentlemen, that what we were demanding was that our sister, agricultural industry, should be treated on the same footing as manufacture. . . . The union has been made and is solid and firm." The proof of this was in fact given in the discussion which opened itself that same year in the Chamber of Deputies.

The Society of Agriculturists demanded that all the treaties of commerce should be annulled before 1892, the date of their expiration; that no other treaty of this kind should be concluded in future, so that France might remain mistress of her own tariffs—which really meant the freedom to augment import duties whenever Parliament should deem it meet to do so; that there should only be a single tariff duty of 60 francs a head on cattle or cows imported; and a proportional tax on other animals, on meat, etc., so as to cover in fact all agricultural products with an extra tax of 15%—a smaller tax, it said, than the one that protected manufactures. It maintained that agriculture bore the same burdens as manufactures, and had a right, therefore, to the same protection that it had, and had, too, this right over all its products; it had always pleaded—and in this

it was perfectly right—the cause of equality; twenty years ago it had spoken of equality in liberty, and now it spoke of equality in privilege. It was against the liberty which gave free entry to raw products and sacrificed the agriculture which produced them to the industry that works them up, and whose products besides were already protected by high duties; and in this it was right, since it showed that yarn, as well as woven cloth, is a product of the labor of men, and that iron, more necessary to all classes of workmen than any other material, was enjoying a high degree of protection.

The 11th Article of the Treaty of Frankfort, signed between Germany and France after the war of 1870–1, stipulated for both nations the treatment of the “most favored nation.” In order to excite public opinion, a great noise was made about this article; it was said that it ruined agriculture and internal industry, in opening the French market to Germany. In reality it assured reciprocal advantages to the two nations, and it was to the interest of both not to introduce into the treaties any clauses which might turn out to be disadvantageous to them. It is true that the German Empire, having almost maintained its general tariff, had made small concession to French commerce, while German commerce had reaped great benefit from the treaties of France with Switzerland, Belgium and Holland.

People gradually came to think that treaties of commerce had effected the ruin of France; this was at once a real argument made by some and an illusory belief of others. I have already shown by statistics that production in France had on the whole increased during the twenty years that followed the inauguration of the liberal system. Not that the time had been one of unmixed prosperity; indeed, the figures could easily be doctored so as to conceal the progress. I give herewith the statistics of external trade in accordance with chronology and history, without the slightest desire to make them express anything other than the actual state of the case.¹ It is easy to see that the increase has never been more considerable (318 millions and

¹ See, for tables, Appendix II.

288 millions in the year) or more rapid (17% in the year) than under the Second Empire, and that this political period divides itself into two economic periods, those before and after the treaty of commerce with England. In the first, that is to say, between 1851 and 1859, commerce was fortunate enough to be greatly stimulated by the development of railroads in France, and externally by the development of steam shipping, by the extension of the electric telegraph, by the abundance of gold which, by continually making prices rise, encouraged speculation, and by the extension of credit; indeed, the *élan* that commercial and industrial enterprise received was such that even the Crimean war and bad harvests were not able to arrest it. Afterwards, that is to say, from 1860 to 1869, the chances became less favorable; the same causes had no longer the same force or the same novelty; political difficulties had increased in the interior; outside France the results of the war with Italy, the woful Mexican expedition, the victory of Prussia over Austria had shaken the authority of France; riches had continued to increase but slowly in face of the many obstacles. It is positively unjust, as protectionists are wont to do, to make the commercial treaties responsible for the slackening in commercial progress I have noted (I do not say from 1860 to 1869, but from 1860 to 1889). To do so would be to forget, what alas, it is impossible to do, that France was struck in the war of 1870-1 by one of those fearful blows which might shatter any nation; and that France, thanks to her saving and to her toil, has raised herself from under it (the war costing her 13 milliards of francs); that she has had to bear the weight of an enormous debt; that her tariff-duties on imports have been considerably augmented; that one of the most industrious and richest parts of her territory, with a population of a million and a half souls, has been taken from her, and has diminished by that proportion the real number of her population. These are the main causes of this slackening, to which must be added secondary causes, operating at the very time the matter was absorbing attention, principally the commercial crisis which paralyzed affairs in almost all the great markets of the

world; the general fall of prices and the closely connected cessation of the coinage of silver; and the agricultural crisis which lowered the value of land and obliged proprietors to reduce their cultivation. The general commerce of France, which had mounted in 1882 to 10,726 millions of francs, had fallen in 1887 to 9,181 millions. It regained for 1888 the descent it had made. It is no matter of wonder that in the last thirty years the commerce of several nations has advanced more rapidly than that of France.

The more active competition which ruled in all markets and which gave rise to the cry of "over-production," often invoked as the explanation of crises, was one of the causes of this. An economic evolution, of which the beginnings are to be found in the use of machinery in manufacture, had been going on for twenty years; everywhere all sorts of manufactured goods were produced and every country desiring the honor of not depending on strangers was concerned to manufacture every article; and indeed almost everywhere just now are to be found men, skilled in the technical arts and in chemistry, equal to the organization of large factories. The wars which from 1866 to 1871 have changed the political map of Europe have on the one hand strengthened national feeling—which is a good—and on the other engendered a spirit of international antagonism—which is an evil. The same tendencies had been seen after 1815. Everyone is anxious to be sufficient unto himself, and to keep the stranger out of his market, even although at the same time he hopes to compete in the markets of others.

Following the United States, whose prosperity was attributed to the good effects of protection, the German Empire after 1879 entered on the protectionist path by remodeling its tariff. Italy (tariff of 1883, of 1887 and of 1888), Austria (tariffs of 1882 and of 1887), Russia (increase of duties since 1882), Belgium (law of 1887) and other states inclined in the same direction and advanced somewhat more resolutely. Why should not France follow the movement; was it not merely, said the protectionist, the matter of not being so *naïf* as to leave our ports

open to those who closed theirs against us? Those arguments and, above all, the considerable number of political influences which presented themselves, decided the government to prepare a new customs-tariff.

II.

The project was presented to the Chamber of Deputies October 20, 1890, by M. Jules Roche, Minister of Commerce and Industry and the Colonies, and by M. J. Develle, Minister of Agriculture. In unfolding its reasons, the government declared that "the tariff régime adopted ten years ago (1881) by France did not differ very much from the direction given in 1860 to its commercial policy;" but that, since 1881, as the assemblies consulted in the inquiry opened by the government had attested: "economic conditions had so changed that our tariff system no longer corresponds to their present state." It instanced, too, in support of the development of industry on a great scale, the protective policy that had prevailed in most European and in a good many American states. The government did not give up, as some advised it to, all idea of treaties of commerce, but it presented two tariffs in place of the one single and inflexible tariff the protectionists wanted; a "general tariff" which might constantly be modified by new acts, and a "minimum tariff" representing the lower limit of the concessions to each industry, not exactly to shelter it against foreign competition, but to enable it to compete successfully against it, which might be applied to "goods native to any country which favored to a like extent the goods of France." Between the two tariffs it had left "a margin amply sufficient to permit of the opening up, as the case required, of negotiations leading to concessions;" that is, in other words, it provided for the possibility of treaties of commerce.

The government had addressed an inquiry to all the chambers of commerce and to the syndicate-chambers; had heard the expression of the various interests; had submitted the taxes to the scrutiny of the superior council of commerce and industry;

and, in doing full justice to the demands of each one of the industries which sought for its products just a little more protection, and in often expressing its desire to obtain the articles for its manufacture as cheap as possible, it hoped it had not over-shot the mark.¹

The tariff commission, the majority of whom were in favor of a lowering of duties, did not accept the project of the government without some examination and criticism. It did not indeed go the length of another general inquiry into the matter, but appointed as those who should report on the matter trained men, competent through special knowledge, yet men who were in many cases interested in protection as a matter of business or as a matter of political principle. Those men to get the information they needed inquired directly of cultivators and manufacturers who were naturally interested parties. In consequence of this way of apportioning the task of inquiry—really quite inevitable—what the reports in the end showed was an accumulation of technical knowledge, rather than an impartiality of attitude towards the duty. In fact the commission through its overhauling of the government project raised many more duties than it lowered.

The president and general reporter, M. Méline, laid his report on the table of the Chamber, March 3, 1891. He went over the report of the treaty of 1860—a thing the newspapers had often done—and its consequences, showing that the progress of external commerce had been more rapid in the ten years that had preceded it than in the ten that followed it,—what was perfectly true; that the imports had increased much more than the exports and had in the end surpassed them altogether, “which renders France the debtor of a sum of 861 millions;” that this difference had shown itself in the increased importation and exportation of manufactured products without, however, any excess of

¹ “While fully desiring to ensure to each one of the branches of national industry an adequate compensation for the causes which tend to bear it down, we are yet bound to give to the *ensemble* of our tariff legislation a moderated aspect, an aspect in fact in conformity with the general wish of the country as expressed in its votes. So on the whole we have sought rather to improve our tariff than to completely change it.”

importation; that the liberal régime had only served "to favor the invasion of our own market." All this was a mere reproduction of the old exploded doctrine of the balance of trade, and occurring as it did in a weighty document laid before a Chamber of Deputies showed that the study of political economy had not been sufficiently cultivated in France. He instanced the increased tariff duties of other countries, the expense of the imports which weighted French industry, the depreciation even of money which facilitated importations from India, as so many reasons which imposed on France the obligation of re-enforcing protection; he held it to be a duty to repair the great injustices "of 1860, which had sacrificed the most of the textile industries and many others," and all agriculture, and declared that all the products which are the fruit of labor have a claim to the same protection, "those of the earth perhaps more than any others, for the reason that they do not borrow anything from the foreigner and are a total gain (?) to the public wealth."

In order to gain the votes of the deputies it was important to connect the cause of the workers with that of the producers. This was by no means an easy task; for the reporter had to admit that since 1860 wages had risen "50 per cent. and even more," from which it seemed logical enough to conclude that the workmen had not been badly off under the liberal system. He turned the difficulty however by saying: "What we have to protect by the customs-tariff is hand labor, that is the toil and the bread of our workmen," and he made it appear that, if foreign competition were not checked, it would ruin producers who, in their turn having "nothing to be pared down except labor," would be forced to reduce wages.

The presenter of the report expressed the pleasure it gave him to see "the imposition of new duties on a number of products to which our conventional tariff allowed free entry," and sought to excuse himself for having exempted, for some very strong reasons, wool, flax, and silk. He accepted the double tariff and defended it against the agricultural party who had demanded either a single tariff or the exclusion of the agricultural products from the

minimum tariff, remarking that this exception had been allowed in the case of cereals and cattle. "We have no need," he said, in conclusion, "to conceal our intentions, and the object at which we are aiming; we desire to give a new stimulus to our agriculture and to our industries through the powerful lever of a more efficacious protection." The general discussion that ensued was vigorous and brilliant, MM. Lockroy, Aynard, Charles Roux, Léon Say, Reynold, Marius Martin attacking the scheme of the commission, and MM. Viger, Turrel, Deschanel, Méline, Jamais defending it, along with the minister of commerce, M. J. Roche, who defended the plan of the government against the charges of the commission, urging skilfully the attenuating circumstances in favor of liberty.¹ M. Aynard asked what reply could be given to those who urged a minimum wage to be in keeping with a minimum revenue duty. M. Léon Say showed how protection only benefited a minority, and that the bulk of the population would have to pay the high price a minority imposed, and asked for nothing more at that time than the maintenance of the existing *régime* with its general and conventional tariff, although in his eyes it was too high.

In answer to the objection of M. Léon Levy about the entailed increased cost of living, M. Méline maintained that "the object and result of the protective tariff was a constant lowering of the price of agricultural products, rather than an increased cost." Still, it is hardly probable that this reason made the agriculturists so energetic in demanding protection. Against all the threats of popular discontent, which *his adversaries ventured to predict*, he assured his party: "I am con-

¹ "I am perfectly confident that after the explanations which will be exchanged between the government and the commission, that with new facts before us, entire agreement will be reached on the majority of the points which divide the two propositions. It is natural that private interests should assert themselves. Not the municipal councils, the general councils, the chamber of commerce, the syndicate or agricultural chambers of such and such a village, such and such an *arrondissement* or department, should demand for their particular interests such and such measures; all this is most natural; but, it is your duty to make a synthesis of all such interests in order to get at the general interest of the country, which still must not be confounded—a puerile mistake—with the summation of particular interests."

vinced that in this chamber there will be found an immovable majority, on whom all intimidation will produce no effect, firmly resolved to protect the honor and the fate of France." And this resolute and compact majority was a fact, agriculturists and manufacturers voting together. Any relevant discussion that did take place was in reference to particular articles, and not to the tariff as a whole, which was decreed (18 July, 1891) by a majority of more than two-thirds.

In the Senate, where the debate occupied most of the months of November and December, and where M. Buffet, J. Ferry, J. Simon and others made themselves heard, the majority was even more firm in its adherence to protectionist ideas, and after some modifications, which necessitated the scheme being thrice sent back to the Chamber of Deputies, the two bodies of Parliament came to an agreement, and the customs-tariff was published January 12, 1892, to be put into effect after the 1st of February. The commission had triumphed. The greater number of the increased duties it had proposed had been voted. The tariff was rigidly and strongly protective. For example, mutton, formerly taxed at 12 fr. upon 100 kilogrammes in the general tariff, and at 3 fr. in the conventional tariff, stood at 32 fr. in the new tariff (the government had desired 28 fr.) and did not appear at all on the minimum tariff; cheeses were taxed at 25 fr. (general tariff) and 15 fr. (minimum tariff), the commission having asked for 30 and 20 fr. on a hard make, while the government had proposed 12 fr. and 8 fr., the former tariff being 8 fr. (general) and 4 fr. (treaty tariff); cotton cloth—least taxed of all—had been 62 fr. (general tariff) and 50 fr. (conventional tariff), and paid now 80 fr. (general tariff) and 62 fr. (minimum tariff). These figures will suffice to show the spirit of the changes accomplished; it would hardly be in place to offer a detailed analysis of the 720 items which make up the tariff.

The co-existence of two tariffs promulgated by the same law was a novelty; it would be difficult to find anything similar even in Spain. I must indicate the difference between them. The

general tariff is the one that applies where there is no convention or special law relating to the importing nation; the minimum tariff, says article 1 of the law, "may be applied to native commodities of countries who benefit French merchandise by reciprocal advantages, and who will apply to them the lowest tariffs." The case of such application had to be more accurately defined¹. The tariff commission, averse in general to treaties of commerce, and especially to such as were accompanied by a special tariff, wanted to fix by a minimum tariff the extreme limit of concession the government could go to in its arrangement with foreign powers, and reserved to Parliament the right at any time to change this limit without being bound by any prior international understanding. It was in this way that the relations of France with England in 1891 were established, when the treaty of commerce could not be renewed. The government whose matter it was to arrange the treaty insisted before the Chamber on its constitutional privileges. The minister of foreign affairs, M. Ribot, and the president of the council of ministers intervened to defend those rights. "It is not for me," said the latter, "to yield a right which is conferred on the executive power by the constitution"; and then proceeded to show that while doing everything to apply "in its spirit" the double tariff, and to ordinarily confine negotiations within the limits of each tariff, he could not promise never to go below the minimum tariff, thus leaving Parliament, whose duty it was to ratify every treaty, free to accept or reject the projected contract.

An authority which the customs-law (art. 8) conferred on the government without objection being made, consists in authorizing it "to apply the *surtaxe* or prohibition on all or on some of

¹"The Commission has come to the conclusion that the interests of our country is to make no more treaties, and to remain masters of her tariff."—*General report of M. Méline*. In the discussion (sitting of May 22), M. Méline said in reference to this point: "We are aware that the government makes conventions with foreign nations in which it accords to them the benefit of the minimum tariff without shutting out the right to modify it. This means that as long as those conventions hold, those nations have the assurance of having always the benefit of a tariff lower than the general tariff. That is the way in which the new *régime* will operate if we give up the *régime* of treaties."

the goods of those countries which impose or will impose a *surtaxe* or prohibition on French merchandise. These measures were to be submitted to the Chambers for ratification the moment they assembled, or at least at the opening of the full session." It is a retaliatory measure, which may be detrimental to a nation's industry, but which may be justifiable on political grounds.

III.

At the very moment that the Chamber of Deputies was discussing the tariff, Germany negotiated a treaty with Austria. The French government, faithful to the promise made to the Tariff Commission, gave notice before February 1, 1891, of the termination of the treaties of commerce, reserving to itself at the same time the right to maintain or to negotiate on new bases treaties in regard to navigation, the domicile of citizens, to the rights of consuls, and to literary and artistic property, and to maintain provisionally those treaties which stipulated in the customs-tariff only the treatment of the most favored nation.¹

The ancient restrictions having thus been given up, it became important at once to renew commercial relations so as not to leave France separated from other states by the barrier of extremely high duties.² The limit of the minimum tariff rendered these negotiations difficult; nevertheless, Belgium in exchange for the application of the minimum French tariff, consented by the decree of January 30, 1892, to concede on her side the *régime* of the most favored nation in matters of commerce, navigation, and

¹ The treaties thus served with notice are those which had been concluded with Belgium, Spain, the Low Countries, Portugal, Sweden and Norway, Switzerland, Denmark, the Republic of Liberia, the United States, Siam, Austro-Hungary, Russia, Ecuador, Chili, Honduras, the Dominican Republic, Mexico, Great Britain, Germany, Servia, the South African Republic, Hayti, China, Japan, Corea, Turkey, Morocco, Zanzibar and Persia.

² The government authorized this by the law of December 27, 1891. This law provided that "this concession cannot be accorded without the reservation on the part of the French government to put a stop to its effects by notifying its intentions twelve months in advance."

customs. Sweden and Norway were the first to accept this *régime*, January 13, 1892. The Low Countries and Greece also accepted it, under certain conditions. Switzerland, which had been harassed by certain of the French duties,¹ only submitted to it provisionally in the hope of seeing a reduction in those taxes. The negotiations with Portugal have not yet come to a close. With Spain, which in January, 1892, had just considerably increased duties, both in the minimum and maximum tariff, principally on French commodities, no arrangement could be made, France not yet having consented to raise from 10.9 to 11.9 the minimum limit on wines; and on January 30, 1892, M. Ribot, minister of foreign affairs, telegraphed to the French ambassador at Madrid: "It is impossible for us to consider as fair an arrangement which accords to Spain on all her products the most favored treatment, and which, on the other hand, subjects more than a third of our exports to a differential duty equivalent in the greatest number of instances to prohibition."

It was only on the 27th of May that the decree was made in France which applied the minimum tariff to Spain, from the beginning of the 1st of June, and on the 29th of May in Spain the decree which applied from the beginning of the 1st of July the minimum tariff to importers from France.²

¹The president of the Swiss Federal Council expressed himself in these terms in a message to the Federal Assembly: "The news that France is going to completely change her commercial and tariff policy, and to pass from a system of treaties to that of an autonomous tariff with protective rates, going even the length of prohibition, has given us a great and a terrible surprise. . . . The general opinion has been that the minimum tariff is veritably an act of economic aggression against your country. . . . We hope that France will try to repair the gratuitous wrong she has caused us."

It was in the hope that the French Parliament would reduce certain duties, that the Swiss government did not immediately apply its general tariff to French products; in the month of August, 1892, the negotiations with Switzerland terminated by a reduction of the minimum tariff on embroidery, silk tissues, etc., but the French Parliament has not yet adopted it.

²"In spite of this reciprocity of treatment," we read in the French treaty, "the increase of the duties on certain articles in the Spanish minimum tariff would be a serious obstacle to the normal re-establishment of our commercial relations with Spain, but it is understood that the two governments will try to come to a common agreement about the points in which satisfaction can be given to the demands that have been made."

With the United States France is only related by the treaty of navigation which dates from 1822, and which may be at any moment denounced by the one side or the other, and brought to a termination six months thereafter. But the prohibition which for several years (acts of February 18, 1881, and December 28, 1883) stopped at the frontier cured pork imported from America injured American interests somewhat. The inclusion of a duty of 25 fr. per 100 kilograms on cured pork in the new tariff (the government scheme was for 12 fr., and that of the Tariff Commission for 20 fr.; the Chamber elevated it to 25),¹ removed this prohibition; and the French government demanded in consequence and provisionally obtained for French commerce the free entry of the products mentioned in the 3d section of the McKinley Bill.

Other negotiations have been conducted with good result on the footing of the most favored nation with several States of South America, the Argentine Republic, Uruguay, Paraguay, Colombia, and these await only the sanction of Parliament. The other treaties of commerce to the number of six, which unite France to the American Republics (Mexico, Hayti, Dominican Republic, Honduras, Ecuador, and Chili), have remained in force, because they did not make any tariff stipulation.

This, then, is the actual state of the negotiations and conventions which have been the consequence of the notice given regarding treaties of commerce. The ultra protectionist policy which rejected every treaty, seems to me absolutely unreasonable. "It would have had, *a priori*," as the president of the Federal Council of Switzerland said, "the consequence of excluding French foreign trade from all conventional tariffs, and France would have exposed herself to the danger of reprisals on the part of other states." The treaties for conventional tariffs and the clause of the most favored nation had without doubt their disadvantages; we might have cause to regret a concession which, entailing no risk to countries signing the treaties,

¹ This duty of 25 fr. had been established before the promulgation of the tariff, by a special law, December 3, 1891.

became troublesome to industry by the very advantage that it assured to other countries. The minimum tariff has the advantage of having been made of a piece, and of having a harmony of all its parts; but it is, nevertheless, an effectual barrier to any diplomatic tact which might bring about a treaty, and the Tariff Commission understood this. Treaties, whatever their adversaries may think about them, are in general profitable to the two parties who sign them, and who only sign them in the hopes of drawing some advantage therefrom.

The treaty, otherwise, is only like improvements in ways of communication, a means of making products of one country pass into a foreign market minus the cost of transport. When this means exists, one must know how to take advantage of it. Frenchmen in this regard labor somewhat under a disadvantage in the competition with other nations, especially with the English and the Germans. They manufacture well enough, but they do not exercise their wits enough in the matter of selling. They wait for the client to come to them rather than go outside to seek him, and of course the client does not always come. Emigrating little, they are much less spread over distant countries than other peoples; they have fewer agencies there, and fewer representatives of their interests. This, of course is, in the first instance, unfavorable to their export trade, but as importation is necessarily connected with exportation, both the one and the other suffer in consequence. "The absent are in the wrong." This proverb may be applied to commerce.

Only six months have passed since the application of the new tariff. It would be rash to draw a definite conclusion from the results it has already produced (many of which bear the stamp of transition) as to what will be its economic consequences.

It was on February 1, that the treaties expired, and that the tariff took effect with certain transient measures. It is not at all strange that commerce, in its desire to escape duties, has accumulated stores of commodities, and that the importations of January and February, 1892, exceed by 263 millions

those of January, 1891. Of this amount 55 millions have to do with cereals, which had to be imported owing to the bad crop of 1892. Parliament was even forced to vote a law which lowered to 3fr. per 100 kilograms instead of 5fr., the entry duty upon grain until the 1st of June, 1892; importers have profited by this reduction, and from March to June (four months) the importation of cereals has exceeded by $212\frac{1}{2}$ millions those of the corresponding four months of the year 1891. But during these same months there has been a diminution in the case of most other commodities, and the total importation has been lower by $32\frac{1}{2}$ millions than that of the same months of 1891.

Such a reduction was to have been expected; in reality it only makes up for the excessive importation of the first months. Exportation has been affected in a similar way. In expectation of the increased duties, which were the consequence of the denunciation of treaties of commerce, shipments of goods were made in January. The amount then was as large as 490 millions, while it was only 308 millions in January, 1891. For the five following months, the total was about the same in 1892 that it was in 1891¹, although the special exportation of manufactured products had decreased by 24 millions. The month of July, of which the results have just been published at the moment I am writing this article, shows no serious change in the state of matters; the importation of cereals has diminished, but the exportation lags, and on certain articles like jewels and clocks, the loss is serious.² On the whole, to judge by the total of the seven first months, the commerce of 1892 does not appear to fall below that of 1891. Nevertheless, a close inspection reveals some change for the worse; for the increase of 284 millions, which has been remarked, comes chiefly from the purchase of cereals (192 millions more than in 1891) which the bad harvest of 1891 has necessitated, and there has been a diminution of 45 millions

¹ It was really higher by about twelve millions.

² The exportation of the first seven months of 1892 in clocks and jewelry has been 16.8 millions of francs; it had been 26 millions in 1891.

in the importation of materials necessary to industry, and of 19 millions in the exportation of manufactured articles.¹

"The new tariff will have as its result a notable increase in the receipts of the treasury," said the reporter-general of the Tariff Commission. . . . "If, immediately after our disastrous war of 1870, France had imitated America, she would in all probability, like her, have abolished part of her debt." It is quite probable in fact that the receipts will increase, but up to what figure? That depends on importation, which itself depends to a great extent on the facilities that are given to commerce, and on the importance of the national consumption. In any case I do not think that France should be compared in this regard to the United States, and the experience of the first seven

¹ Special commerce of the past seven months of the year.....	1892.	1891.
	millions	of francs.
IMPORTATION:		
Food stuffs	1,017	822
Materials required in manufacture	1,387	1,432
Manufactured objects.....	390	370
Non-classified goods.....	91	68
	2,885	2,692
EXPORTATION:		
Food stuffs	430	403
Materials required in manufacture	405	382
Manufactured objects.....	1,018	1,036
Non-classified goods.....	206	146
Total of Importation and Exportation.....	2,059	1,967
EXCESS OF IMPORTATION OVER EXPORTATION IN CERTAIN ARTICLES:		
Cereals.....	394	202
Wines.....	94	101
Cattle.....	19	17
Meats.....	23	26
Skins and furs	62	87
Wools.....	187	206
Cotton	172	143
Silk.....	85	92
Oil-grains.....	96	115
Horns and antlers	22	81
EXCESS OF EXPORTATION OVER IMPORTATION IN CERTAIN ARTICLES:		
Wool tissues.....	102	143
Silk tissues.....	113	114
Cotton tissues.....	28	30
Leather articles.....	64	76
Articles de Paris.....	60	55
Tools and metal articles.....	28	35

months of 1892 has not justified the hopes that were formed ; the receipt of customs-duties has only been greater by 42 millions (202 millions in 1891, and 244 in 1892) than that of the preceding year, and cereals figured to an amount of 30 millions in this receipt.

During the struggle parties, both on one side and the other, had recourse to arguments and to statements of a somewhat extreme character. To-day the tariff has become a law, and it will represent for a long time to come, if not in its details, then at least in its spirit, the economic policy of French commerce. We must of course respect the law, but at the same time estimate with the impartiality of science its character and its import.

The protectionists are under the illusion of believing themselves to be practical men who do not invent theories, and this is a plea their advocates make for them. In reality they do make theories, and it would be a pity that reasonable men should have no general idea to guide them in the resolutions they make about matters of importance. Their theory is, that a nation forms a body whose protective activity must be supported and developed, and that to attain this end one ought to assure to producers of all kinds remunerative prices by preventing the consumer from buying from another nation the same goods at lower prices ; and that importations from foreign countries ought to be discouraged, because they tend to impoverish a nation, either by drawing away its specie from it, or by ruining its industry, and that the sacrifice which is imposed on the consumer by protection, is one of the conditions of national solidarity, and is a premium which encourages production, and has for its final consequence the enrichment of a country ; their practice consists in devoting their energies to fixing a remunerative price to producers, who naturally prefer selling dear to selling cheap, having few competitors rather than many, and are given, especially agricultural producers, much more to complaining about their condition than honestly avowing their privileges.

The theory of free trade is more just and more rational. Looking at the phenomena from a general point of view it does

not see any essential difference between the exchanges which two people of the same nation make with each other, and those which two people of different nations make ; it says that products ought to obtain the price that they are worth, that it is not good arbitrarily to modify the price by law, because in this way one takes money from one person to give it to another ; that in all countries productions find a natural protection in their proximity to the home market, and that no factitious protection should be added to this ; that freedom has the effect of multiplying exchanges, and in this way of stimulating production, of satisfying consumption more largely and more economically, and, seeing that man works with the intention of satisfying his wants, he attains this end better under freedom than under prohibition or under protection, which is attenuated prohibition.

But laws are never the expression of pure theory ; tariff laws in particular are the regulation of most complex interests, often a compromise between opposed interests in which account must be taken of the political and economic condition of a people and of its relations with other peoples. There is no civilized country which completely adopts the theory of free trade, not even England. France in particular has never had it ; she has always had tariffs at her frontier, and these tariffs have collected duties. The only question she has ever faced, has been to know whether the taxes and the number of the duties ought to be increased or diminished. Protection and commercial liberty have been the theories which have helped to shape public policy.

It would have been better, it seems to me, to have kept in 1892 the direction which the tariff *régime* had taken in 1860, by looking carefully into each one of the taxes, and by giving to the whole a more marked uniformity. The suppression of customs duties is an ideal that cannot be realized in the actual state of civilization ; and indeed the realization of it would be a mistake and an injustice at a time in which France is obliged to overlook no taxable article. The most desirable scheme would be something akin to a revenue tariff, that is to say, to a tariff regulated so as to produce the greatest, or at least a very large revenue to the

treasury, affecting commercial transactions as little as possible, and not according to certain producers or merchants advantages at the expense of others — an inconvenience no protective tariff escapes, whatever pretension it may make to ensure to each person his share of privilege. But we would be leaving the path which we have marked out for ourselves, and we would be attempting a task of no utility to-day, should we seek to discover what the French tariff ought to be; we propose only to show what it is, and why it is what it is.

The world is made up of contrasts. These contrasts explain themselves, if not always by reason, then at least by the circumstances which have produced them. Thus we see men stretching out over the earth railroad lines, multiplying the number of their steam-ships, increasing in short the facility of the exchange of commodities by the reduction of the duration and price of transportation, and at the same time arresting these very commodities at their frontiers by a protective tariff; it is thus that we see every day the invention of means to produce commodities at a cheaper price, and at the same time a forced increase of the cost of living by protective systems.

Love of one's country, like love of the family, is a noble sentiment which ought to be cherished and developed in the heart of man; it is one of the benefits of the social system. It is to be regretted that the events which have taken place in Europe within thirty years, while they have quickened patriotism, have engendered an international antagonism which has not been without influence upon the commercial policy of nations. Time alone can affect a current of ideas which has obtained such force. Experience will gradually show whether a liberal commercial policy is really preferable to a restrictive one. Circumstances may change, interests become different, and the twentieth century will overturn perhaps the edifice of protection which the nineteenth built when it was growing old.

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